

Gujarat Cotex Limited

Where Information, Innovations And Technology are The Key Words

15th

ANNUAL REPORT

2006-2007

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REQUEST: You may desire to have some clarification or additional information on the accounts for the year ended 31st March 2007 at the ensuing Annual General Meeting. We shall very much appreciate if you will kindly write to us at least ten days in advance to enable us to keep the information ready for you at the meeting

Board of Directors

Smt.Priyavandana S. Parekh	Chairperson
Shri Shailesh J. Parekh	Managing Director
Shri Chetan S.Parekh	Director
Rajesh T. Manubarwala	Director
Shri Jivraj M. Patel	Director
Dr. Ashalata Kulshrestha	Director

Banker's

The Surat Peoples Co. Op. Ltd.
Nanpura, Timaliyawad, Surat

Registrar & Transfer Agent :-

Sharepro Services, Satam Estate, 3rd Floor,
Above Bank of Baroda, Cardinal Gracious Road, Andheri (East) Mumbai-400 099.

Factory :-

Plot No.52, Govt. Industirial Estate Phase II,Pipariya, Silvassa (D & NH)

NOTICE

NOTICE IS HEREBY GIVEN THAT FIFTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF GUJART COTEX LIMITED WILL BE HELD ON THURSDAY 30TH AUGUST 2007 AT 11.00 a.m. AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO. 52, PIPARIYA INDUSTRIAL ESTATE PHASE II, PIPARIYA SILVASSA, DADRA AND NAGAR HAVELI

ORDINARY BUSINESS:-

1. To consider and adopt the Balance Sheet as at 31.03.2007 and the Profit and Loss Account for the year ended as on date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms.. Priyavanda S Parekh , who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Shri. Shailesh J Parekh , who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

To appoint Mr. Chetan Parekh who was appointed as director in meeting of Board of directors held on 11.01.2007 and in respect of whom a notice as required along with deposit has been received from some of the shareholders be and is hereby appointed as Director of company liable to retire by rotation.

NOTES :-

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and that the proxy need not be a member of the company. The proxies in order to be effective, should reach the registered office of the company at least 48 hours before the time fixed for the meeting.
- (2) Members desiring any information as regards accounts, are requested to write to the Company at least 10 days before the meeting to enable the management to keep the information ready.
- (3) Members/Proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting place.
- (4) Explanatory Statement pursuant to section 173 of the Companies Act 1956 is enclosed.

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING

(In pursuance of Clause 49 of the Listing Agreement)

1) Name of Directors	Shailash Jayantkumar Parekh	Privanda Sudhir Parekh
2) Age	53	51
3) Qualification	B.Sc.	B.Com
4) Date of Appointment		
5) Experience	30 Years	20 Years
6) Other Directorship as on 31.3.2006	Prabhat Oils Ltd..	Prabhat Oils Ltd.
7)Chairman/member of the Committee as on 31.03.07		

Place : Silvassa

By Order of the Board
of Directors

Date :-20.06.2007

Shailesh Parekh
Managing
Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956

ITEM NO. 5

Mr Chetan Parekh had been associated with company work of company since past 3 years. He has been reappointed as 1 director during the year. His term of appointment as additional director expires at this Annual General Meeting. Company has received a notice for some members proposing his appointment as director. The resolution is therefore put before members for consideration.

The directors recommend resolution for approval of members. None of the directors except Mr. Chetan Parekh is directly or indirectly concerned or interested in resolution.

Place : Silvassa

By Order of the Board
of Directors

Date :-26.06.2007

Shailesh Parekh
Managing
Director

DIRECTORS REPORT

To,
The Members

Your directors have pleasure in presenting their Fourteenth annual report and the audited statement of accounts for the year ended on 31st March, 2007 together with the auditors report thereon.

FINANCIAL RESULTS

The summarized financial results for year end 31st March 2006 are as under

Amount in Rupees

Particulars	2006-07	2005-06
Sales and other income	11012301	5687959
Total expenditure	10043396	5650316
Profit (+)/loss (-) after interest but before depreciation & taxation	968905	37643
Depreciation	897298	1006537
Taxation	000	000
Net profit (+)/loss (-)	71607	(968894)

DIVIDEND

In view of inadequate profits directors do not recommend any dividend for the year ended 31st March 2007..

COMPANY PERFORMANCE

The company continued concentration on the activity of sale of fabrics . The turn over during the year increased form Rs.50.67 Lacs to Rs.107.30 Lacs. The company came out of losses and made marginal profit of Rs.71,607.00.

MANAGEMENT DISCUSSION AND ANALYSIS.

- (a) **Industry Structure and Developments** :- Company is a Textile Company
- (b) **Opportunities and Threats** :- The textile industry provides ample opportunities in domestic and as well as export market However the uncertainty of raw material prices and government policies are detrimental to growth and profitability .
- (c) **Segmentwise or productwise Proformance** :- Company operates in single segments i.e. Textile.
- (d) **Outlook** :- The Company has viped off major secured loan and proposes to install fresh manufacturing facilities.
- (e) **Risks & Concerns** :- Company do not foresee any such risk in near future, which will hamper the activities.
- (f) **Internal control systems and their adequacy** :- Company is in the process of implementing various softwares for better control.
- (g) **Human Resources Management Initiatives**:- The management is keenly interested this field. All the efforts are made to rationalize its manpower and make effective use of the same.

BOARD OF DIRECTORS:

During the year Mr.Chetan Parekh was as directors in meeting of Board of Directors held on 11.01.2007.It is proposed to appoint Mr. Chetan Parekh as director at Annual General Meeting.

AUDITORS :

M/s. Adil Aibada and Associates, Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment. Your Company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board of directors commend their reappointment.

FIXED DEPOSITS :

Your Company has not accepted any deposits from public.

CORPORATE GOVERNANCE :

Certificate of the company secretary regarding compliance of the conditions of Corporate Governancè as stipulated in clause 49 of the Listing Agreement with stock exchange, is enclosed..

STATUTORY INFORMATION :

- (i) Information under section 217 (1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:-

A. CONSERVATION OF ENERGY

- a) Energy conversation measures taken: None at present
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy: There are no proposals.
- c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Does not arise.
- d) Total energy consumption and energy consumption per unit of production as per Form "A" to annexure in respect of industries specified in the schedule thereto: Not Applicable.

B. TECHNOLOGY ABSORPTION

Form B

Research & Development (R & D)

1. Specific area in which R & D carried by the company: None at Present
2. Benefits derived as a result of the above R & D: Does not arise.
3. Future plan of action: At present it is not under consideration
4. Expenditure on R & D: Nil

Technology absorption, adaptation and innovation:

1. Efforts being made towards technology absorption, adaptation and innovation: None
2. Benefits derived as a result of the above efforts e.g. Product improvement cost, reduction, product development, import substitution etc. : None
3. Imported technology : Not applicable as technology has not been imported.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Earning: Rs.Nil Outgo : Rs. NIL

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AS AMENDED UP TO DATE :

The company do not have any employee drawing salary in excess of limits prescribed under section 217 (2a) of the companies act, 1956 read with the companies (particulars of employees) rules 1975 the particulars should be treated as nil

DIRECTORS' RESPONSIBILITY STATEMENT.

Your Directors confirm that:

- (i) In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the loss of the company for the year.
- (iii) The Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and
- (iv) The Directors had prepared the accounts on going concern basis.

INDUSTRIAL RELATIONS:

The industrial relations continued to be cordial during the year under review.

ACKNOWLEDGMENT:

The Directors express their sincere thanks to the employees, customers, suppliers, company's bankers and members of the company for their continued support.

Place : Silvassa

Date :-26.06.2007,

By Order of the Board of Directors
SHAILESH J. PAREKH
CHETAN S. PAREKH

Directors

REPORT ON CORPORATE GOVERNANCE

The Company's policies and practices continued to aim at efficient conduct of business and in effective meeting its obligations to the shareholders as the company believes in good corporate governance.

BOARD OF DIRECTORS:

The present strength of Board of Directors of your Company is six. Comprising of Chairperson, Managing Director and three other independent directors. Managing Director is executive director and others are non executive directors. None of the directors are members in more than ten committees and they do not act as chairman of more than five committees

"Independent Director" who apart from receiving director's remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, which in judgment of the Board may affect independence of judgment of director.

Brief resume of the directors who retire by rotation and seek reappointment.is given in the notes to the notice, the members are requested to refer the same.

Attendance of Directors at the meeting of Board of Directors held during the financial year 2006-2007 and the last Annual General Meeting held on 30.09.2006 are as follows:

BOARD OF DIRECTORS:

During the year Mr.Chetan Parekh was as directors in meeting of Board of Directors held on 11.01.2007.It is proposed to appoint Mr. Chetan Parekh as director at Annual General Meeting.

AUDITORS :

M/s. Adil Aibada and Associates, Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment. Your Company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board of directors commend their reappointment.

FIXED DEPOSITS :

Your Company has not accepted any deposits from public.

CORPORATE GOVERNANCE :

Certificate of the company secretary regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with stock exchange, is enclosed..

STATUTORY INFORMATION :

- (i) Information under section 217 (1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:-

A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken: None at present
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy: There are no proposals.
- c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Does not arise.
- d) Total energy consumption and energy consumption per unit of production as per Form "A" to annexure in respect of industries specified in the schedule thereto: Not Applicable.

B. TECHNOLOGY ABSORPTION

Form B

Research & Development (R & D)

1. Specific area in which R & D carried by the company: None at Present
2. Benefits derived as a result of the above R & D: Does not arise.
3. Future plan of action: At present it is not under consideration
4. Expenditure on R & D: Nil

Technology absorption, adaptation and innovation:

1. Efforts being made towards technology absorption, adaptation and innovation: None
2. Benefits derived as a result of the above efforts e.g. Product improvement cost, reduction, product development, import substitution etc. : None
3. Imported technology : Not applicable as technology has not been imported.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Earning: Rs.Nil Outgo : Rs. NIL

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AS AMENDED UP TO DATE :

The company do not have any employee drawing salary in excess of limits prescribed under section 217 (2a) of the companies act, 1956 read with the companies (particulars of employees) rules 1975 the particulars should be treated as nil

Details of Meetings of Board of Directors held during the year 2005-2006:

Sr.No.	Date	No. of Directors present
1	30.04.2006	6
2	06.07.2006	6
3	31.07.2006	4
4	31.10.2006	4
5	11.01.2007	5

Name of Director	No. of Board Meeting Attended	Attendance in A.G.M.
Ms. Privanda S.Parekh	5	Present
Mr. Shailesh Parekh	5	Present
Mr. Chetan Parekh	5	Present
Dr. Ashalata Kulshrestha	2	Present
Mr. Rajesh Manubarwala	5	Present
Mr. Jivrajbhai Patel	2	Present

Number of Board of Directors or Board Committee of Public Limited Companies of which a Director is member or chairperson.

Name of Director	No. of BOD's of public Companies	No. of Membership of Board Committee	No. of Chairmanship of Board Committee
Mrs. Privanda Parekh	0	-	1
Mr. Shailesh Parekh	1	2	--
Mr. Chetan Parekh	0	1	--
Ms. Ashalata Kulshrattha	0	1	2
Mr. Rajesh Manubarwala	0	-	1
Mr. Jivrajbhai Patel	0	3	-

AUDIT COMMITTEE:

Brief description of terms of reference

To oversee the company's financial reporting process, internal control system, reviewing the accounting policies and practices, reports of the company's Quarterly/Half Yearly/Yearly financial statements as also to review financial and risk management policies.

Composition : Consists of 3 directors as under :
 Name of Members & Chairperson : 1) Mr. Rajesh Manubarwala (Chairman)
 : 2) Dr. Ashalata Kulshastrha
 : 3) Mr. Jivrajbhai Patel

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Brief description of terms of reference

To specifically look into the redressal of complaints like transfer of shares, non-receipt of annual reports, etc. received from shareholders/investors and improve the efficiency in investors' service wherever possible.

Composition : Consists of 3 directors as under :
 Name of Members & Chairperson : 1) Dr. Ashalata Kulshrastha (Chairperson)
 : 2) Mr. Rajesh Manubarwala
 : 3) Ms. Privanda Parekh
 Name of Compliance Officer : Mr. Shailesh Shah

Meeting and Attendance during the year :

Name of Directors	No. of Meeting Held	No. of Meeting attended
Mr. Dr.Ashalata Kulshrasta	3	3
Mr. Rajesh Manubarwala	3	3
Ms Privanda Parekh	3	3

Details of complaints received during the year 2005-2006.

Nature of Complaint / Query	No. of complaints / queries received	No. of complaints/queries not solved to the satisfaction of shareholders
Transfer of Shares	1	Nil
Non Receipt of Annual Reports	4	Nil

REMUNERATION COMMITTEE:

The Executive Directors' remuneration is fixed by the committee within the overall limit and recommended for approval by the Board of Directors and the Shareholders at their meetings. Presently, the Non Executive Directors are not paid any remuneration.

Details of Remuneration paid to the Executive Directors for the F.Y. 2006-07.

The company has not paid any remuneration to directors. No sitting fees is paid to directors

ANNUAL GENERAL MEETING :

Details of last three Annual General Meetings held:

Particulars	2003-2004	2004-2005	2005- 2006
Day	Saturday	Friday	Friday
Date	30.09.2004	30.09.2005	30.09.2006
Time	11.00. a.m	11.00. a.m	11.00. a.m
Venue	Registered Office of company	Registered Office of company	Registered office of the company

DISCLOSURES:

1. Disclosures on materially significant related party transaction, i.e., transactions of the company of material nature, with its Promoters, Directors, or the Management their subsidiaries or relative, etc. that may have potential conflict with the interest on the company at large:-

None of the transactions with any of the related parties were in conflict with the interest of the company.

2. Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory or any matter related to capital market during the last three years.

The company has complied with the requirements of regulatory authorities on matters related to the capital market and no penalties/strictures have been imposed against the company during the last three years.

MEANS OF COMMUNICATION:

The Company publishes its financial results every quarter in newspapers. Communications on the half yearly results are not sent individually to the Shareholders of the company.

COMPLIANCE CERTIFICATE

The certificate regarding compliance of conditions of clause 49 of the Listing Agreement from the Auditors of the company is annexed hereto.

GENERAL SHAREHOLDER INFORMATION:

- 1) Annual General Meeting : 30th August 2007
Day, Date, Time & Venue : Thursday 11 a.m.
Registered office of company.
- 2) Financial Year/Calendar:
- Results for first Quarter ending 30.06.2007 : On or before 31.07.2007
 - Results for second Quarter ending 30.09.2007 : On or before 31.10.2007
 - Results for third Quarter ending 31.12.2007 : On or before 31.01.2008
 - Results for third Quarter ending 30.01.2007 : On or before 30.04.2008
 - Results for year ending 31.03.2007 : On of before 31.08.2007
- 3) Date of Book Closures : 20.08.2007 to 30.08.2007 (both days inclusive)
- 4) Dividend Payment Date : No dividend declared
- 5) Regd. Office : Plot No.52 Pipariya Industrial Estate Phase II Silvassa D&NH.
- 6) Registrar & Share Transfer Agent : M/s. Sharepro Services (I) Pvt. Ltd. Mumbai
- 7) Address of Investors Correspondence : Sharepro Services
Unit Octagon Industries Limited
Satnam Industrial Estate, above Bank of
Baroda
Andheri East Mumbai 400099
- 8) Listing on Stock Exchange : Listing Fee for Mumbai Stock Exchanges for
year 2007-08 paid

Stock Code : 514386

Demat ISIN No. in NSDL &CSDL : INE004C01010

9) Outstanding GDRs, AARs warrants or any convertible instruments, etc. : NIL

Place : Silvassa

Date :-26.06.2007,

By Order of the Board of Directors
SHAILESH J. PAREKH
CHETAN S. PAREKH
Directors

AUDITOR'S REPORT

To the members of **GUARAT COTEX LIMITED** (Formerly known as **OCTAGON INDUSTRIES LIMITED**.)

We have audited the attached Balance Sheet of **GUARAT COTEX LIMITED** (Formerly known as **OCTAGON INDUSTRIES LIMITED**.) as at **31st MARCH, 2007** and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on this Financial Statement based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Profit and Loss Account and Balance Sheet mentioned above complied with the mandatory accounting standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.
 - (e) Since we have not received any representation from directors. We are not in a position to comments regarding to their disqualification under clause (9) of sub section (I) of section 274 of Companies Act, 1956 as on 31.03.2007.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2007** and
 - (ii) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

As per Our Report Of Even Date,
For Adil Aibada & Associates,
Chartered Accountants,

Proprietor.
Membership No.45310..

Place:- Surat.
Date:- 26-06-2007

M/S. GUARAT COTEX LIMITED
(Formerly known as OCTAGON INDUSTRIES LIMITED.)

ANNEXURE : 'A' TO AUDITORS' REPORT YEAR ENDED ON 31-03-2007.

- [1] In respect of Fixed Assets.
 - (a) The Company is maintaining proper record to show full particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
 - (b) The fixed assets have not been revalued during the year.
 - (c) In our opinion the company has not disposed of any part of fixed assets during the year.
- [2] The physically verification conducted by management at reasonable intervals during the year in respect of finished goods, stores, spares and Raw materials. No Significant discrepancies between the physically stock and book stock have been noticed. In our opinion, the valuation of the above mentioned stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in previous year.
- [3] The Company has taken secured or unsecured loans to Companies, firms or other parties listed in the Register(s) maintained U/s 301 of the companies act., 1956. In our opinion terms and conditions of these loans are not prima Facie prejudicial to the interest of the Company. As explained to us there are companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act., 1956.
- [4] The Company has not made any advances to other parties during the year. The advances in the nature of loans to the employees free of interest and the same have been recovered generally as per stipulations wherever applicable or terms as listed in Register maintained under section 301 of Companies Act, 1956.
- [5] There are no sale of goods, materials and service made in pursuance of contracts and arrangements entered in the Register maintained under Section 301 of the Companies Act., 1956 and aggregating during the year to Rs. 500000/- or more.
- [6] Provision of Section 58A of the Companies Act., 1956 read with the Companies (Acceptance of deposits) Rules, 1975 have been complied with by the Company.
- [7] In our opinion the internal audit system of the company is commensurate with its size and nature of its business.
- [8] As per the information given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (i)(d) of the Companies Act., 1956.
- [9] According to the information and explanation give to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty and excise duty were outstanding at 31st March, 2007 for a period of more than six moths form the date the become payable.
- [10] The Company has accumulated losses and has earned profit during the financial year covered by our audit.
- [11] Based on our audit procedures and according to the information and explanation given to us. We are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- [12] In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company as the basis of security by way of pledge of shares, debentures and other securities.

- [13] In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund society. Therefore clause 4(xii) of the Companies (Auditors Report) order 2003 is not applicable to the company.
- [14] The Company has no transactions and contracts in respect of trading in securities, debentures and other investments. Very small investment made by company since many years.
- [15] The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- [16] The Company has not raised any new term loans during the year.
- [17] According to the information and explanations given to us, no short term funds utilized for the long term borrowing during the year under audit.
- [18] During the year, the company has not made any preferential allotment of Shares.
- [19] The Company has no debenture, issue and hence creation of securities is not applicable.
- [20] The Company has not raised any money by public issue during the year and hence clause (xx) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- [21] In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

As per Our Report Of Even Date,

For Adil Aibada & Associates,
Chartered Accountants,

Proprietor.
Membership No. 45310.

Place :- Surat.
Date :- 26-06-2007.

GUJARAT COTEX LTD			
<i>(Formerly known as OCTAGON INDUSTRIES LTD)</i>			
BALANCE SHEET AS ON 31ST MARCH, 2007.			
<i>Particulars</i>	<i>Sch.</i>	<i>As at 31.03.07</i>	<i>As at 31.03.06</i>
SOURCE OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) AUTHORISED SHARE CAPITAL :			
40,00,000 EQUITY SHARE OF RS. 10 EACH		40000000	40000000
b) ISSUED, SUBSCRIBED & PAID-UP CAPITAL		38500000	38500000
38,50,000 EQUITY SHARE OF RS.10 FULLY PAID			
c) RESERVE & SURPLUS	"A"	(10716479)	(10788086)
<i>Total (1) ...</i>		27783521	27711914
2. LOAN FUNDS			
a) SECURED LOANS :		714,418	543,866
b) UNSECURED LOANS :	"B"	7183703	1195421
<i>Total (2) ...</i>		7898121	1739287
<i>Total (1+2) ...</i>		35681642	29451201
APPLICATION OF FUNDS			
1. FIXED ASSETS : GROSS BLOCK			
LESS : DEPRECIATION	"C"	7281231	8009567
<i>Total (3) ...</i>		897298	1006537
		6383933	7003030
2. INVESTMENTS			
3. CURRENT ASSETS, LOANS & ADVANCES			
A) INVENTORIES	"E"	-	-
B) SUNDRY DEBTORS		19782805	15257637
C) CASH & BANK BALANCE	"F"	437462	1224888
D) LOAN & ADVANCES PAID	"G"	670947	280947
		20891214	16763472
LESS : CURRENT LIABILITIES AND PROVISIONS		257688	3177681
<i>Total (4) ...</i>		20633526	13585791
4. MISC EXPENDITURE			
<i>(TO THE EXTENT NOT W/OFF OR ADJUSTED)</i>			
A) PRELIMINARY EXPENSES	"H"	41108	47959
B) PUBLIC ISSUE EXPS	"I"	1148075	1339421
<i>Total (5) ...</i>		1189183	1387380
<i>Total (3+4+5) ...</i>		35681642	29451201
-			
For Adil Aibada & Associates, Chartered Accountants, Proprietor. Membership No.45310..		FOR GUJARAT COTEX LTD.	
Place:- Surat.		SHAILESH J. PAREKH	
Date:- 26.06.2007		CHETAN S. PAREKH	
		DIRECTOR.	

GUJARAT COTEX LTD			
<i>(Formerly known as OCTAGON INDUSTRIES LTD)</i>			
PROFIT AND LOSS ACCOUNT			
FOR THE YEAR ENDED ON 31ST MARCH, 2007.			
<i>Particulars</i>	<i>Sch.</i>	<i>As at 31.03.07</i>	<i>As at 31.03.06</i>
INCOME			
SALES : YARN	-		353007
SALES : FABRICS		10730660	5067000
SALES : SCRAPS MATERIAL	-		300000
MISC INCOME	"J"	281641	56452
INCREASED(DECREASED) IN FINISHED STOCK	"K" -		(88,500)
		<u>11012301</u>	<u>5687959</u>
EXPENDITURE			
MANUFACTURING & OTHER EXPS	"L"	10043396	5650316
DEPRECIATION	"C"	897298	1006537
		<u>10940694</u>	<u>6656853</u>
PROFIT/(LOSS) FOR THE YEAR		71,607	(968,894)
ADD : PREVIOUS YEAR BALANCE		<u>(10,788,086)</u>	<u>(9,819,192)</u>
BALANCE CARRIED TO BALANCE SHEET...		<u>(10,716,479)</u>	<u>(10,788,086)</u>
For Adil Aibada & Associates, Chartered Accountants, Proprietor. Membership No.45310.. Place:- Surat. Date:- 26.06.2007	FOR	GUJARAT COTEX LTD. SHAILESH J. PAREKH CHETAN S. PAREKH DIRECTOR	

GUJARAT COTEX LTD
(Formerly known as OCTAGON INDUSTRIAL LTD)

SCHEDULE FORMING PART OF THE ACCOUNT AS ON 31ST MARCH, 2007.

<i>Particulars</i>	As at 31.03.07	As at 31.03.06
SCHEDULE - A : RESERVES & SURPLUS		
PROFIT & LOSS ACCOUNT	(10,716,479)	(10,788,086)
	<u>(10,716,479)</u>	<u>(10,788,086)</u>
SCHEDULE-B : LOAN FROM DIRECTORS/SHAREHOLDERS/RELATIVES		
(A) SECURED LOAN		
ICICI BANK- CAR LOAN A/C.	451761	543866
KOTAK MAHINDRA PRIME PVT LTD-CAR LOAN	262657	-
	<u>714,418</u>	<u>543,866</u>
Total (A).....		
(B) UNSECURED LOAN		
SHAILESH J PAREKH	598203	524823
PRIYAVANDANA S PAREKH	1800000	410598
PRABHABEN J PAREKH	1040000	25000
SONAL S PAREKH	485000	35000
CHETAN S PAREKH	1580500	100000
KETAN S PAREKH	1580000	-
HARSIDDHI TEXTILES PVT LTD.-DEPOSIT	-	100000
KADAMWALA SILK MILLS - DEPOSIT	100000	-
	<u>7,183,703</u>	<u>1,195,421</u>
Total (B).....	7,183,703	1,195,421
Total (A+B).....	7,898,121	1,739,287

SCHEDULE-C : FIXED ASSETS

PARTICULARS	W. D. V. AS ON 01/04/2006	ADDITION (DEDUCTION)	TOTAL AS ON 31/03/2007	RATE OF DEP.	DEPRE	W. D. V. AS ON 31/03/2007
FACTORY LAND	250000	-	250000	-	-	250000
FACTORY BUILDING	1988633	-	1988633	10.00	198,863	1789770
PLANT & MACHINERY	3688921	-	3688921	13.91	513,129	3175792
ELE. INSTALLATION	309787	-	309787	13.91	43,091	266696
FURN. & DEAD STOCK	106495	-	106495	18.10	19,276	87219
FAX MACHINE	9070	-	9070	20.00	1,814	7256
MARUTI ESTEEM	77407	(77,407)	-	25.89	-	-
FORD FIESTA CAR	565,353	-	565353	25.89	73,185	492168
YAMAHA	7364	-	7364	25.89	1,907	5457
TATA INDICA DLS CAR	-	355,608	355608	25.89	46,033	309575
TOTAL ...	7003030	278,201	7281231	-	897,298	6383933

SCHEDULE-D : INVESTMENTS

SHARE INVESTMENTS	7475000	7475000
	<u>7,475,000</u>	<u>7,475,000</u>

SCHEDULE-E : INVENTORIES

RAW MATERIAL	-	-
FINISHED GOODS	-	-
	<u>-</u>	<u>-</u>

SCHEDULE: F : CASH & BANK BALANCE

STATE BANK OF INDIA : SILVASA	2,623	2,676
STATE BANK OF HYDRABAD	4,629	7,890
CASH BALANCE	340,164	1,214,322
THE SURAT PEOPLES CO OP BANK LTD	90,046	-
	<u>437,462</u>	<u>1,224,888</u>

SCHEDULE-: G : LOAN & ADVANCES PAID

ELECTRIC LIGHT DEPOSIT (SILVASA)	120	120
ELECTRIC POWER DEPOSIT (SILVASA)	4,275	4,275
SURAT ELECTRICITY CO	1,000	1,000
BOB FD (BANK GAURANTEE FOR GEB)	79,452	79,452
SBOH FD (BANK GAURANTEE FOR GEB)	100,000	100,000
SALES TAX DEPOSIT	1,000	1,000
PURVATHA LICENCE DEPOSIT	1,000	1,000
TEXTILE COMMISSIONER DEPOSIT	1,000	1,000
STERLING HOLIDAY RESORT	93,100	93,100
SARLABEN S PAREKH	255,000	-
SPB FD (BANK GAURANTEE FOR GEB)	135,000	-
	<u>670,947</u>	<u>280,947</u>

SCHEDULE: H : PRELIMINARY EXPENSES

(TO THE EXTENT NOT W/Off)

PRELIMINARY EXPS - OPENING BALANCE	47,959	54,810
LESS : WRITTEN OFF	<u>6,851</u>	<u>6,851</u>
	<u>41,108</u>	<u>47,959</u>

SCHEDULE: I : PUBLIC ISSUES EXPENSES

PUBLIC ISSUE EXPS - OPENING BALANCE	1,339,421	1,530,767
LESS : WRITTEN OFF	191,346	191,346
	<u>1,148,075</u>	<u>1,339,421</u>

SCHEDULE: J : MISC. INCOME

BANK OD INTEREST	641	4,452
FACTORY RENT INCOME	216,000	52,000
MAINTAINANCE INCOME	65,000	-
COMMISSION INCOME	-	-
	<u>281,641</u>	<u>56,452</u>

SCHEDULE: K : INCREASE/(DECREASE) IN FINISHED GOODS

OPENING STOCK - FINISHED GOODS	-	88,500
CLOSING STOCK - FINISHED GOODS	-	-
	-	<u>(88,500)</u>

SCHEDULE: L : MANUFACTURING & OTHER EXPS

RAW MATERIAL CONSUMED :

OPENING STOCK	-	216,500
ADD : PURCHASE FABRICS/YARN	9,092,783	4,077,973
	9,092,783	4,294,473
LESS : CLOSING STOCK	-	-

<i>TOTAL (A).....</i>	<u>9,092,783</u>	<u>4,294,473</u>
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ELECTRICAL POWER & FUEL EXPS	-	565,000
FACTORY EXPS	-	1,500
<i>TOTAL (B).....</i>	<u>-</u>	<u>566,500</u>

REPAIRS & MAINTENANCE

ELECTRIC EXPS	20,425	45,760
<i>TOTAL (C).....</i>	<u>20,425</u>	<u>45,760</u>

PAYMENT & PROVISIONS FOR EMPLOYEES

SALARY & WAGES	237,500	177,900
DIRECTOR'S REMUNERATION	-	60,000
<i>TOTAL (D).....</i>	<u>237,500</u>	<u>237,900</u>

ESTABLISHMENT EXPS

TELEPHONE EXPS	11,482	13,500
BANK COMMISSION & CHARGES	8,967	2,355
DONATION EXPS.	12,501 -	
AUDITORS REMMUNATION	11,224	11,224
INSURANCE EXPENSES	30,999	24,933
VEHICLE EXPS	36,667	705
VEHICLE LOAN INTEREST	71,432	4,596
CONSULTANCY/PROFESSIONAL FEES	63,684	56,673
INCOME TAX	9,280 -	
MUNICIPAL TAX	21,951 -	
SHARE LISTING FEES	-	10,000
OFFICE EXPS & MAINTENANCE	16,280	2,000
TRANSPORATION CHARGES	169,000	181,500
PRINTING & STATIONERY	2,617 -	
LOSS ON SALE OF MARUTI ESTEAM	28,407 -	
PRILIMINEARY EXPENSES	6,851	6,851
PUBLIC ISSUE EXPENSES	191,346	191,346
	<hr/>	<hr/>
<i>TOTAL (E)....</i>	692,688	505,683
	<hr/>	<hr/>
<i>TOTAL (A + E).....</i>	10,043,396	5,650,316

M/S. GUARAT COTEX LIMITED
(Formerly known as OCTAGON INDUSTRIES LIMITED.)

SCHEDULE : M : SCHEDULE FORMING PARTS OF ACCOUNTS.

01. BASIS OF PREPARATION OF FINANCIAL STATEMENT :

- (a) The Financial statement have been prepared under the historical cost with the generally accepted accounting principals and the provisions of the Company Act,1956 as adopted consistently by the Company.
- (b) The Companies generally follows mercantile system of accounting and recognized significant items of income and expenditure on accrual basis. Except for the items specified elsewhere.

02. VALUATION OF INVENTORIES :

Raw Materials, packing materials, oil and Store & Spares valued at cost and finished goods are valued at cost or market price whichever is lower. The valuation of stock made by the management only.

03. FIXED ASSETS AND DEPRECIATION :

Fixed Assets are valued at cost less depreciation. Depreciation on fixed assets are provided on written down value method at the manner provided in Schedule – C to the Companies Act,1956.

Physical existence of Fixed Assets has been certified by the management.

04. AMORTISATION OF MISCELLANEOUS EXPENDITURE :

Preliminary expenses and Public issue expenses are provided at 10% in the books on last year's balance.

05. The Balance of Debtors, Creditors, Loans and Advances and opening Balance are subject to confirmation and reconciliation. Majority of Debtors are above six months.

06. The previous year's figures have been reworked, regrouped rearranged and Reclassified wherever necessary.

07. Contingent Liabilities not provided in respect of :

Bill Discounting Rs. Nil
Previous year Rs. Nil

08. Provision of Income-tax has been not made since the company has accumulated Losses.

09. No provision has been made for gratuity as no employee has yet put up qualifying period of his service for entitlement for this benefit.

10. The Company is not required to obtain any license under industrial Regulations Act. Therefore the details of licensed capacity are no applicable. (Other details as certified by the management are a follows.)

<i>Unit</i>	<i>A/c. year 2006-2007</i>	<i>A/c. year 2005-2006</i>
Texturising Machine	1	1
Crimping Machine	2	2
Twisting Machine	2	2
Actual Production	NIL	Nil

- | | | |
|--|-----|-----|
| 11. CIF Value import in respect of : | Nil | Nil |
| 12. Expenditure & earning in Foreign currency during the year | Nil | Nil |
| 13. Amount remitted during the year in foreign currency on amount of Dividend. | Nil | Nil |

14. Payment of Auditors

<i>Auditor's Remuneration</i>	<i>A/c. year 2006-2007</i>	<i>A/c. year 2005-2006</i>
For Audit	Rs. 8980	Rs. 8980
For Tax Audit	Rs. 2244	Rs. 2244
Total	Rs. 11224	Rs. 11224

- | | | |
|----------------------------|---------|-----------|
| 15. Directors Remuneration | Rs. NIL | Rs. 60000 |
|----------------------------|---------|-----------|

16. Quantitative Information

<i>Particulars</i>	<i>A/c. year 2006-2007</i>		<i>A/c. year 2005-2006</i>	
	<i>Kg.</i>	<i>Rs.</i>	<i>Kg.</i>	<i>Rs.</i>

OPENING STOCK

Raw Materials	0.000	0	7690.690	216500
Textu. & Crimped	0.000	0	1770.000	88500
Gray Cloth	0.000	0	0.000	0

CLOSING STOCK

Raw Materials	-	-	-	-
Textu. & Crimped (Yarn)	-	-	-	-
Gray Cloth (Fabrics)	-	-	-	-

PURCHASE

Raw Materials	-	-	-	-
Textu. & Crimped (Yarn)	-	-	0.00	0.000
Gray Cloth (Fabrics)	-	-	0.00	0.000
Fabrics	147879.000	9092783	50670.000	4077973

SALES

Raw Materials	-	-	3000.670	30007
Textu. & Crimped	-	-	6460.000	323000
Gray Cloth	-	-	0.000	0
Fabrics	147879.000	10730660	50670.000	5067000

CONSUMPTION

Indigenous			4248.00	212400
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17. The Company has during the year adopted Accounting Standard (AS-22) "Accounting for taxes on income" issued by the Institute of Chartered Accountant of India, However in view of loss during the year and also in past, no differed tax liability or Assets has been created.
18. Earning per share (0.019)
19. Related party disclosures are required by AS-18 given below. Other related party where common control exists Prabhat Infosys Ltd, Prabhat Oil Ltd.

For ~~Aadil Aibada & Associates,~~
Chartered Accountants,

For M/S. GUJARAT COTEX LIMITED.

SHAILESH J. PAREKH
CHETAN S. PAREKH

Proprietor.

DIRECTOR.

Membership No. 45310.

Place:- Surat.

Date:- 26-06-2007.

**BALANCE SHEET ABSTRACT
AND
COMPANY'S GENERAL BUSINESS PROILE**

REGISTRATION DETAILS

Registration No.	1	8	1	8	7
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State Code

	0	4
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Balance Sheet Date	3	1	0	3	2	0	0	7
	Date		Month		Year			

POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount Rs. In Thousands)			
Total Liabilities	29451	Total Assets	29451
SOURCE OF FUNDS			
Paid up Capital	38500	Reserve & surplus	-
Secured Loans	544	Un-Secured Loan	1195
APPLICATION OF FUNDS			
Net Fixed Assets	7003	Investments	7475
Net Current Assets	13585	Misc. Expenditure	1387
Accumulated Loss	10788		

PERFORMANCE OF THE COMPANY			
Turnover	5776	Total Expenditure	6745
Profit / (Loss) Before Tax	(969)	Profit & Loss after Tax	(969)
Earning per shares(Rs.)		Dividend Rate %	

GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per Monetary Items)	
Product Description	Item Code No. (ITC Code)
Polyester Texturised yarn	-

GUJARAT COTEX LIMITED	
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2007	
	(Rs. '000 omitted)
A . CASH FOLW FROM OPERATING ACTIVITIES	1,195
B . CASH FLOR FROM INVERSTING ACTIVITIES	
Purchases of Fixed Assets	(278)
Additions to capital work in progress	(1401)
Deposit placed	(390)
Advances recoverable in cash in king	-
Purchase of current investments	-
Sale of current investments	-
Interest on current investments	-
Other interest	-
Taxes paid	-
Net cash used in vesting activities:	-
C. CASH FROW FROM FINANCING ACTIVITIES	
Net proceeds from issue of equity shares	-
Shares application money received	-
Secured term loans	-
Miscellaneous expenditure	-
Interest paid	-
Net cash generated from financing activities	
Net increase / (decrease) in cash and cash equivalents	
Opening balance of cash and cash equivalents	1,214
Closing balance of cash and equivalents	340
Note	
A Cash and cash equivalents include:	
Cash and Bank Balance	
B The cash flow statement has been prepared under the 'Indirect method' set out in accounting standard b 3 'cash flow statement' issued by the institute of chartered accounts of India	
For Adil Aibada & Associates Chartered Accountants	For and Behalf of the Board
Proprietor	Shailesh J Parekh Chetan S Parekh Director
Place : Surat	
Date : 26/06/2007	

Gujarat Cotex Ltd.

Registered office: Plot No.52, Pipariya Industries,Estate Phase II,Pipariya, Silvassa(D&NH)

PROXY

I/we.....of
.....in the district of
..... being member/members of
..... of
.....in the district of
..... of
.....in the district of

as my/our proxy to vote for me/us on my/our behalf at the 15th Annual General Meeting of Company to be held on Friday 30th September 2007, At 11.00 A.M. and at any adjournment thereof. Signed This of2007

Signed by the said

Reg. Folio No.

No. of Shares Held.

Note : The Companies Act, 1956 lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY-EIGHT hours before the time for holding the meeting.

Gujarat Cotex Ltd.

Registered office: Plot No.52, Pipariya Industries,Estate Phase II,Pipariya, Silvassa(D&NH)

ATTENDANCE SLIP

I hereby record my presence at the 15th Annual General Meeting of the Company to be held at Registered office: Plot No.52, Govt. Industrial, Estate Phase II,Pipariya, Silvassa(D&NH) on Saturday 30th August 2007, At 11.00A.M.

Name of Shareholder(s).....

(In Block Capitals)

Name of the Proxy or Company Representative

(In Block Capitals)

Signature of Shareholder(s) or

Proxy or Company Representative

Note :

- 1) A Proxy Attending on behalf of Shareholder(s) should please write the name of the Shareholder(s) from whom he holds Proxy.
- 2) Member are requested to bring to their copy of the Annual Report with them to the meeting as additional copies of the same will not be made available at the Meeting.